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Agri-Food Trade Quarterly Report 2024Q3

Theme: Navigating Global Markets in a Shifting Geopolitical Landscape

11 December 2024

1. Introduction

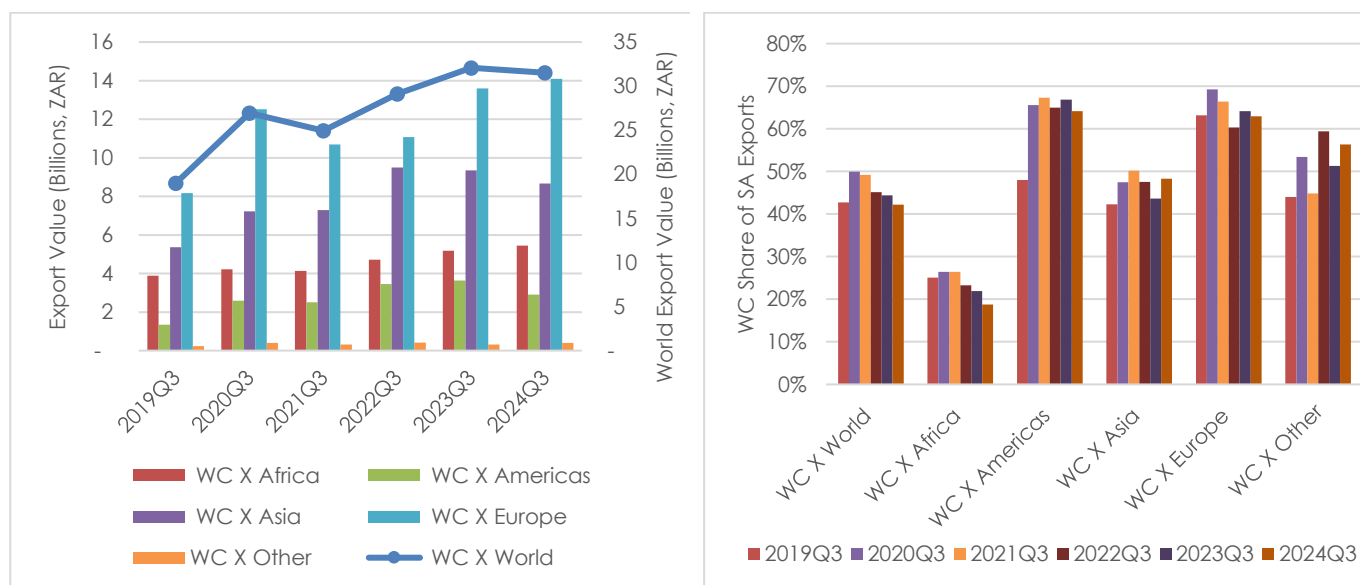
The report provides insights into South African (SA) and Western Cape (WC) agri-food trade trends, showcasing changes in export and import volumes, market shares, and product dynamics. SA's exports rose slightly, driven by increased trade with Africa, while imports saw a sharper increase, fuelled by growing Asian influence. The WC, however, experienced a decline in exports, particularly to Africa, but recorded strong growth in imports from Asia, surpassing Europe for the first time. These shifts highlight the WC's evolving trade relationships and its critical role in SA's agri-food economy.

2. Western Cape Export Markets by Region

Figures 1a and 1b highlight trends in SA and WC agri-food exports. SA's agri-food exports increased by 3% year-on-year, from R72.3 billion in 2023Q3 to R74.6 billion in 2024Q3, with Africa's export share rising from 33% to 39% and Asia's declining from 30% to 24%. Meanwhile, WC exports fell by 2%, from R32 billion to R31.5 billion, despite an increase in exports to Europe (42% to 45%). Exports to Africa dropped from 11% to 9%, emphasizing the need to maximize opportunities under the African Continental Free Trade Area (AfCFTA).ⁱ The WC's contribution to SA exports declined from 50% in 2020Q3 to 42% in 2024Q3 but remains strong in the Americas (64%) and Europe (63%), despite slight year-on-year drops. Citrus fruits remain the top WC export at R14.6 billion (47%), followed by apples and pears (12%, R3.1 billion) and wine (7%, R2.3 billion). Sowing seeds, fruit, and spores showed the highest growth (141%), while fruits and nuts experienced the steepest decline (24%). The election of President Trump brings a new dynamic of how SA trades (i.e. citrus and wine) with the Americas, especially given the expiry of AGOA in September 2025.ⁱⁱ

Other growing exports include fruit juices, sauces, dried fruit, and cheese, reflecting global demand for natural, healthy products. This trend is likely driven by the rising global demand for healthy and natural snacks

and ingredients and technology advancements in processing technologies improving the quality and shelf life of these products.ⁱⁱⁱ The newly signed protocol for dairy exports to China is expected to bolster cheese and curd exports.^{iv} Maize exports dropped sharply (77%), highlighting the WC's reliance on inland provinces for export volumes due to its strategic port infrastructure.^v Despite challenges, the WC is positioned to lead Africa in processed fruit and vegetable exports.^{vi}



a) WC exports by region

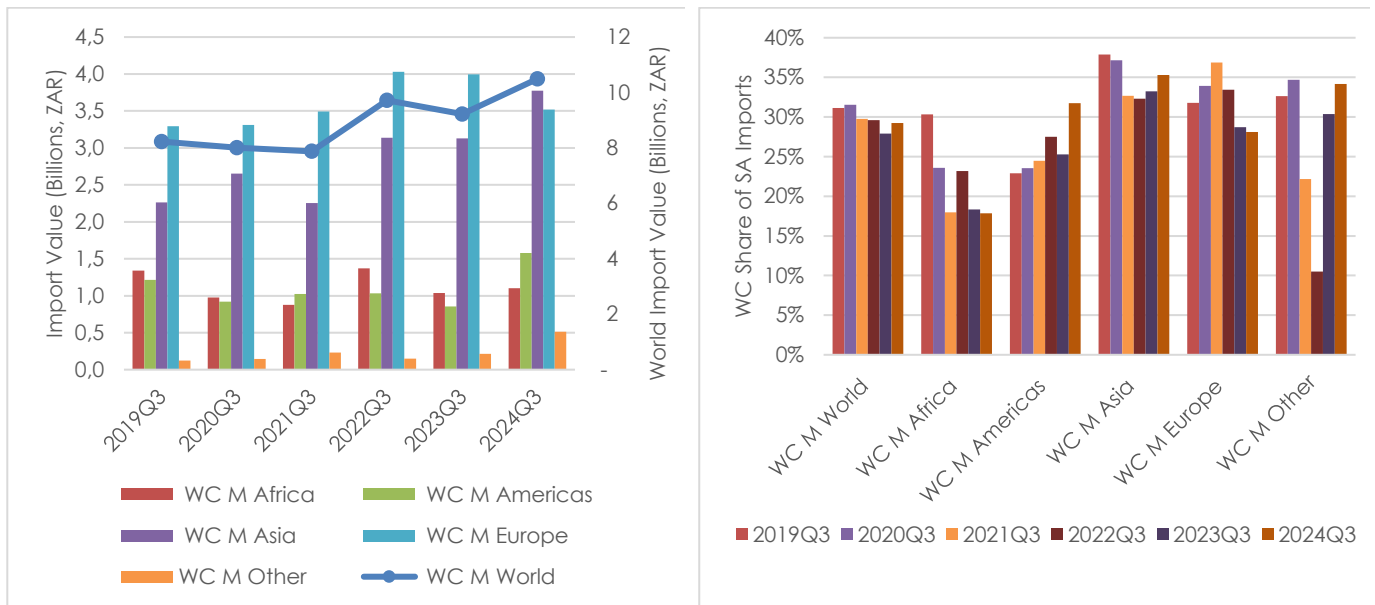
b) WC share of SA exports by region

Figure 1. Western Cape exports by region

Source: SARS; Quantec 2024

3. Western Cape Import Markets by Region

Figures 2a and 2b highlight trends in SA and WC agri-food imports. SA's agri-food imports grew by 9%, from R33 billion in 2023Q3 to R35.8 billion in 2024Q3, with Asia's share rising from 28% to 30% and Europe's share declining from 42% to 35%. The WC's imports increased by 14%, from R9.2 billion to R10.4 billion, with Asian share of imports growing from 34% to 36%, surpassing Europe (34%) for the first time. The WC's contribution to SA imports from Asia remained strong at 35%, reflecting robust trade relations with BRICS+ partners like China and India. Rice was the WC's top import at 13% (R1.3 billion), followed by wheat and meslin (8%, R792.9 million) and preserved fish (5%, R574.7 million). Palm oil recorded the highest growth at 316%, rising from R75.5 million in 2023Q3 to R313.9 million in 2024Q3, driven by its affordability and rising demand for processed foods and non-consumables (i.e. cosmetics, soaps, and pharmaceuticals). According to BFAP (2023), palm oil trades at a discount of about 25% compared to sunflower and soybean oil which makes it attractive in the global market and is mainly produced in West Africa, Indonesia and Malaysia.^{vii} Other imports with steady growth included waters (R492.4 million), chocolate (R222 million), crustaceans (R224 million), pasta (R147.2 million), and coffee (R111 million). Maize imports from the Americas remained high at R296.6 million, consisting mainly of yellow maize for animal feed, critical for the livestock sector.



a) WC imports by region

b) WC share of SA imports by region

Figure 2. Western Cape imports by region

Source: SARS; Quantec 2024

4. Conclusion and Recommendations

The report revealed both opportunities and challenges for the WC in navigating changing global trade dynamics. While its export performance to Europe remains robust, declines in other regions and its contribution to SA exports warrant a focus on leveraging agreements like the AfCFTA. On the import side, the WC's growing reliance on Asian markets, particularly for products like palm oil and rice, reflects cost-effectiveness and global demand shifts. Strategic positioning to balance these trade flows will ensure the WC remains competitive and adaptable in the dynamic agri-food sector.

- The Western Cape should diversify its export base by targeting emerging markets in Africa under the AfCFTA. Tailored export promotion initiatives and trade missions can help establish stronger links.
- Focus on expanding value-added product exports such as processed fruits, vegetable products, and dairy. This aligns with global trends favouring high-value natural and healthy products.
- The growth in imports from Asia, particularly from China and India, presents an opportunity to deepen trade partnerships.
- Improving port and logistics infrastructure will strengthen the WC's role as a hub for agri-food exports and imports.
- With the upcoming expiry of AGOA in 2025, the WC should explore alternative market access strategies for key exports like citrus and wine to the Americas.
- Given the reliance on imports like palm oil, encouraging sustainable sourcing practices will enhance the WC's reputation and align with global sustainability standards.
- Invest in market intelligence and capacity building for stakeholders to better adapt to global trade trends and seize emerging opportunities in agri-food trade.

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About the Macro and Resource Economics Division

The Macro and Resource Economics is a division within the Agricultural Economic Services Programme under the Western Cape Department of Agriculture. It is responsible for doing research and providing services related to agricultural and agribusiness economics, with a focus on macroeconomics (trade, investment

and employment), international trade policy, industrial development, resource management, and rural development. For more information visit: <https://www.elsenburg.com/macro-and-resource-economic-reports/>

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ⁱ TRALAC. 2024. Status of AfCFTA Ratification. Available at: <https://www.tralac.org/resources/infographic/13795-status-of-afcfta-ratification.html>

ⁱⁱ TRALAC. 2024. A new AGOA: Context and Challenges. Available at: <https://www.tralac.org/documents/publications/trade-briefs/2024/5550-s24tb062024-erasmus-a-new-agoa-context-and-challenges-04082024/file.html>

ⁱⁱⁱ Mora J. and M. Olabisi. 2022. Export Growth Drivers and Economic Development. Available at: <https://www.freit.org/WorkingPapers/Papers/Development/FREIT1779.pdf>

^{iv} Dairy News Today. 2024. South Africa Secures Key Agreements for Dairy and Wool Exports to China. Available at: <https://dairynews.today/news/south-africa-secures-key-agreements-for-dairy-and-wool-exports-to-china.html>

^v DALRRD. 2021. A Profile of The South African Maize Market Value Chain. Available at: <http://webapps1.daff.gov.za/AmisAdmin/upload/Maize%20profile%202021.pdf>

^{vi} Odjo, S., F. Traoré, and C. Zaki, eds. 2024. Africa Agriculture Trade Monitor 2024. Kigali and Washington, DC: AKADEMIYA2063 and International Food Policy Research Institute.

^{vii} BFAP. 2023. Opportunities and limits of import replacement for South African veggie oils. Available at: <https://www.bfap.co.za/wp-content/uploads/2023/04/Opportunities-and-limits-of-import-replacement-for-South-African-veggie-oils.pdf>